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AMENDED IN SENATE JUNE 21, 2006
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CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 926

Introduced by Assembly Member Chu

February 18, 2005

An act to amend Sections 480, 480.4, and 482 of the Revenue and Taxation Code, relating to property taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 926, as amended, Chu. Property taxation: change in ownership reporting.

Existing property tax law requires a transferee of real property or a manufactured home that is locally assessed to file a change in ownership statement with the county in which the property or manufactured home is located. Existing law requires this statement to be filed within specified time periods or within 45 days of a written request therefor from the county assessor. If a county assessor makes a written request to a transferee to file a change in ownership statement and the transferee fails to do so within 45 days of that request, existing law imposes a penalty on the transferee equal to the greater of either \$100 or 10% of the property taxes due on the property, but not to exceed \$2,500 if the failure was not willful.

This bill would remove the \$2,500 cap on the penalty for nonwillful failures to file a change in ownership statement and would instead

provide a \$2,500 cap on the penalty for failure to file a change in ownership statement on property that is eligible for the homeowners' property tax exemption *or \$10,000 if the property is not eligible for the homeowners' exemption*. This bill would also make conforming changes to a related provision.

Existing property tax law requires each county assessor and county recorder to make available a form known as a preliminary change in ownership report. Existing law specifies the contents of this form, but authorizes the State Board of Equalization to revise the form.

This bill would delete the specified contents of this form and would instead require the State Board of Equalization, after consultation with the California Assessors' Association, to prescribe the contents of the form. This bill would require that this form contain information that includes, but is not limited to, a description of the property, the parties to the transaction, the date of acquisition, the amount, if any, of the consideration paid for the property, whether paid in money or otherwise, and the terms of the transaction. This bill would also require that this form be declared true under penalty of perjury.

By expanding the crime of perjury, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 480 of the Revenue and Taxation Code
- 2 is amended to read:
- 3 480. (a) Whenever there occurs any change in ownership of
- 4 real property or of a manufactured home that is subject to local
- 5 property taxation and is assessed by the county assessor, the
- 6 transferee shall file a signed change in ownership statement in
- 7 the county where the real property or manufactured home is
- 8 located, as provided for in subdivision (c). In the case of a

1 change in ownership where the transferee is not locally assessed,
2 no change in ownership statement is required.

3 (b) The personal representative shall file a change in
4 ownership statement with the county recorder or assessor in each
5 county in which the decedent owned real property at the time of
6 death that is subject to probate proceedings. The statement shall
7 be filed prior to or at the time the inventory and appraisal is filed
8 with the court clerk. In all other cases in which an interest in real
9 property is transferred by reason of death, including a transfer
10 through the medium of a trust, the change in ownership statement
11 or statements shall be filed by the trustee (if the property was
12 held in trust) or the transferee with the county recorder or
13 assessor in each county in which the decedent owned an interest
14 in real property within 150 days after the date of death.

15 (c) Except as provided in subdivision (d), the change in
16 ownership statement as required pursuant to subdivision (a) shall
17 be declared to be true under penalty of perjury and shall give that
18 information relative to the real property or manufactured home
19 acquisition transaction as the board shall prescribe after
20 consultation with the California Assessors' Association. The
21 information shall include, but not be limited to, a description of
22 the property, the parties to the transaction, the date of acquisition,
23 the amount, if any, of the consideration paid for the property,
24 whether paid in money or otherwise, and the terms of the
25 transaction. The change in ownership statement shall not include
26 any question that is not germane to the assessment function. The
27 statement shall contain a notice informing the transferee of the
28 property tax relief available under Section 69.5. The statement
29 shall contain a notice that is printed, with the title in at least
30 12-point boldface type and the body in at least 8-point boldface
31 type, in the following form:

32 "Important Notice"

33 "The law requires any transferee acquiring an interest in real
34 property or manufactured home subject to local property
35 taxation, and that is assessed by the county assessor, to file a
36 change in ownership statement with the county recorder or
37 assessor. The change in ownership statement must be filed at the
38 time of recording or, if the transfer is not recorded, within 45
39 days of the date of the change in ownership, except that where
40 the change in ownership has occurred by reason of death the

1 statement shall be filed within 150 days after the date of death or,
2 if the estate is probated, shall be filed at the time the inventory
3 and appraisal is filed. The failure to file a change in ownership
4 statement within 45 days from the date of a written request by the
5 assessor results in a penalty of either: (1) one hundred dollars
6 (\$100), or (2) 10 percent of the taxes applicable to the new base
7 year value reflecting the change in ownership of the real property
8 or manufactured home, whichever is greater, but not to exceed
9 two thousand five hundred dollars (\$2,500) if the property is
10 eligible for the homeowners' exemption *or ten thousand dollars*
11 *(\$10,000) if the property is not eligible for the homeowners'*
12 *exemption*. This penalty will be added to the assessment roll and
13 shall be collected like any other delinquent property taxes, and be
14 subject to the same penalties for nonpayment."

15 (d) The change in ownership statement may be attached to or
16 accompany the deed or other document evidencing a change in
17 ownership filed for recording, in which case the notice,
18 declaration under penalty of perjury, and any information
19 contained in the deed or other transfer document otherwise
20 required by subdivision (c) may be omitted.

21 (e) If the document evidencing a change in ownership is
22 recorded in the county recorder's office, then the statement shall
23 be filed with the recorder at the time of recordation. However,
24 the recordation of the deed or other document evidencing a
25 change in ownership shall not be denied or delayed because of
26 the failure to file a change of ownership statement, or filing of an
27 incomplete statement, in accordance with this subdivision. If the
28 document evidencing a change in ownership is not recorded or is
29 recorded without the concurrent filing of a change in ownership
30 statement, then the statement shall be filed with the assessor no
31 later than 45 days from the date the change in ownership occurs,
32 except that where the change in ownership has occurred by
33 reason of death the statement shall be filed within 150 days after
34 the date of death or, if the estate is probated, shall be filed at the
35 time the inventory and appraisal is filed.

36 (f) Whenever a change in ownership statement is filed with the
37 county recorder's office, the recorder shall transmit, as soon as
38 possible, the original statement or a true copy thereof to the
39 assessor along with a copy of every recorded document as
40 required by Section 255.7.

1 (g) The change in ownership statement may be filed with the
2 assessor through the United States mail, properly addressed with
3 the postage prepaid.

4 (h) In the case of a corporation, the change in ownership
5 statement shall be signed either by an officer of the corporation
6 or an employee or agent who has been designated in writing by
7 the board of directors to sign those statements on behalf of the
8 corporation. In the case of a partnership, limited liability
9 company, or other legal entity, the statement shall be signed by
10 an officer, partner, manager, or an employee or agent who has
11 been designated in writing by the partnership, limited liability
12 company, or legal entity.

13 (i) No person or entity acting for or on behalf of the parties to
14 a transfer of real property shall incur liability for the
15 consequences of assistance rendered to the transferee in
16 preparation of any change in ownership statement, and no action
17 may be brought or maintained against any person or entity as a
18 result of that assistance.

19 Nothing in this section shall create a duty, either directly or by
20 implication, that the assistance be rendered by any person or
21 entity acting for or on behalf of parties to a transfer of real
22 property.

23 SEC. 2. Section 480.4 of the Revenue and Taxation Code is
24 amended to read:

25 480.4. (a) The preliminary change of ownership report
26 referred to in Section 480.3 shall be declared to be true under
27 penalty of perjury and shall give information relative to the
28 transfer. The information shall include, but not be limited to, a
29 description of the property, the parties to the transaction, the date
30 of acquisition, the amount, if any, of the consideration paid for
31 the property, whether paid in money or otherwise, and the terms
32 of the transaction. The preliminary change in ownership report
33 shall not include any question that is not germane to the
34 assessment function.

35 (b) The State Board of Equalization, after consultation with
36 the California Assessors' Association, shall prescribe the
37 preliminary change of ownership report for the purpose of
38 maintaining statewide uniformity in the contents of the report.

39 SEC. 3. Section 482 of the Revenue and Taxation Code is
40 amended to read:

1 482. (a) If a person or legal entity required to file a statement
2 described in Section 480 fails to do so within 45 days from the
3 date of a written request by the assessor, a penalty of either: (1)
4 one hundred dollars (\$100), or (2) 10 percent of the taxes
5 applicable to the new base year value reflecting the change in
6 ownership of the real property or manufactured home, whichever
7 is greater, but not to exceed two thousand five hundred dollars
8 (\$2,500) if the property is eligible for the homeowners'
9 exemption *or ten thousand dollars (\$10,000) if the property is*
10 *not eligible for the homeowners' exemption*, shall, except as
11 otherwise provided in this section, be added to the assessment
12 made on the roll. The penalty shall apply for failure to file a
13 complete change in ownership statement notwithstanding the fact
14 that the assessor determines that no change in ownership has
15 occurred as defined in Chapter 2 (commencing with Section 60)
16 of Part 0.5. The penalty may also be applied if after a request the
17 transferee files an incomplete statement and does not supply the
18 missing information upon a second request.

19 (b) If a person or legal entity required to file a statement
20 described in Section 480.1 or 480.2 fails to do so within 45 days
21 from the date of a written request by the State Board of
22 Equalization, a penalty of 10 percent of the taxes applicable to
23 the new base year value reflecting the change in control or
24 change in ownership of the real property owned by the
25 corporation, partnership, or legal entity, or 10 percent of the
26 current year's taxes on that property if no change in control or
27 change in ownership occurred, shall be added to the assessment
28 made on the roll. The penalty shall apply for failure to file a
29 complete statement notwithstanding the fact that the board
30 determines that no change in control or change in ownership has
31 occurred as defined in subdivision (c) or (d) of Section 64. The
32 penalty may also be applied if after a request the person or legal
33 entity files an incomplete statement and does not supply the
34 missing information upon a second request. That penalty shall be
35 in lieu of the penalty provisions of subdivision (a). However, the
36 penalty added by this subdivision shall be automatically
37 extinguished if the person or legal entity files a complete
38 statement described in Section 480.1 or 480.2 no later than 60
39 days after the date on which the person or legal entity is notified
40 of the penalty.

1 (c) The penalty for failure to file a timely statement pursuant
2 to Sections 480, 480.1, and 480.2 for any one transfer may be
3 imposed only one time, even though the assessor may initiate a
4 request as often as he or she deems necessary.

5 (d) The penalty shall be added to the roll in the same manner
6 as a special assessment and treated, collected, and subject to the
7 same penalties for the delinquency as all other taxes on the roll in
8 which it is entered.

9 (1) When the transfer to be reported under this section is of a
10 portion of a property or parcel appearing on the roll during the
11 fiscal year in which the 45-day period expires, the current year's
12 taxes shall be prorated so the penalty will be computed on the
13 proportion of property which has transferred.

14 (2) Any penalty added to the roll pursuant to this section
15 between January 1 and June 30 may be entered either on the
16 unsecured roll or the roll being prepared. After January 1, the
17 penalty may be added to the current roll only with the approval
18 of the tax collector.

19 (3) If the property is transferred or conveyed to a bona fide
20 purchaser for value or becomes subject to a lien of a bona fide
21 encumbrancer for value after the transfer of ownership resulting
22 in the imposition of the penalty and before the enrollment of the
23 penalty, the penalty shall be entered on the unsecured roll in the
24 name of the transferee whose failure to file the change in
25 ownership statement resulted in the imposition of the penalty.

26 (e) When a penalty imposed pursuant to this section is entered
27 on the unsecured roll, the tax collector may immediately file a
28 certificate authorized by Section 2191.3.

29 (f) Notice of any penalty added to either the secured or
30 unsecured roll pursuant to this section shall be mailed by the
31 assessor to the transferee at his or her address contained in any
32 recorded instrument or document evidencing a transfer of an
33 interest in real property or manufactured home or at any address
34 reasonably known to the assessor.

35 SEC. 4. No reimbursement is required by this act pursuant to
36 Section 6 of Article XIII B of the California Constitution because
37 the only costs that may be incurred by a local agency or school
38 district will be incurred because this act creates a new crime or
39 infraction, eliminates a crime or infraction, or changes the
40 penalty for a crime or infraction, within the meaning of Section

- 1 17556 of the Government Code, or changes the definition of a
- 2 crime within the meaning of Section 6 of Article XIII B of the
- 3 California Constitution.

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